



**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

ANNUAL FINANCIAL REPORT

1999-2000

YEAR ENDED JULY 31, 2000

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MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2000

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Organization 2000

Term Expires

BOARD OF DIRECTORS

David Hartmann, President	2000
Gary Addington, Vice President	2001
Stephen Kjorness, Treasurer	2000
Gale Bacon	2004
Tim Dittberner	2004
David Doth *	2002
Kathy Fredricksen	2000
Dennis Halverson	2002
Ellen Hebert	2004
Tim Hermann *	2003
Cliff Janke	2000
Bob Nyberg	2002
Steve Olsen	2004
Jeffrey Olson	2004
Larry Peterson	2002
Jacquelyn Rosholt *	2001
Jeanne Swanson	2004
John Tritabaugh	2001
Mike White	2002
Steven Zachary *	2000

EXECUTIVE STAFF

David Stead, Executive Director	Indefinite
John Bartz, Associate Director	Indefinite
Lisa Lissimore, Associate Director	Indefinite
Dorothy McIntyre, Associate Director	Indefinite
Skip Peltier, Associate Director	Indefinite

* Appointed by the Governor

FINANCIAL SECTION



JUDITH H. DUTCHER
STATE AUDITOR

STATE OF MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota State High School League

We have audited the accompanying basic financial statements of the Minnesota State High School League as of and for the year ended July 31, 2000, as listed in the table of contents. These financial statements are the responsibility of the Minnesota State High School League's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota State High School League as of July 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules listed as supplemental information in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We have also issued our separate management letter report dated December 19, 2000, which includes a Schedule of Findings and Recommendations and our report on internal controls and compliance.



JUDITH H. DUTCHER
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 19, 2000

BASIC FINANCIAL STATEMENTS

MINNESOTA STATE HIGH SCHOOL LEAGUE AND ADMINISTRATIVE REGIONS
BROOKLYN CENTER, MINNESOTA

BALANCE SHEET
JULY 31, 2000

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 520,681	18,531	20,968	83,436	6,263	58,903	44,308
Investments (Note 2)	1,289,436		35,000	-	-	36,900	20,000
Accounts receivable	136,977	-	-	-	632	9,957	3,263
Accrued interest receivable	13,926	-	-	-	-	-	-
Prepaid items	12,914	-	-	-	-	-	-
Total current assets	\$ 1,973,934	18,531	55,968	83,436	6,895	105,760	67,571
Other Assets							
Property and equipment	\$ 2,293,041	-	615	-	-	-	11,500
Accumulated depreciation	(704,545)	-	(492)	-	-	-	(3,300)
Net property and equipment (Note 3)	\$ 1,588,496	-	123	-	-	-	8,200
Investments held for retirement benefits (Note 7)	342,417	-	-	-	-	-	-
Deferred compensation (Note 10)	264,228	-	-	-	-	-	-
Total other assets	\$ 2,195,141	-	123	-	-	-	8,200
Total Assets	\$ 4,169,075	18,531	56,091	83,436	6,895	105,760	75,771
<u>Liabilities and Fund Balance</u>							
Current Liabilities							
Salaries payable	\$ 33,515	-	-	-	-	-	-
Accounts payable	90,264	-	-	-	-	4,711	-
School expense reimbursement payable	640,273	-	9,254	31,202	-	41,393	-
Accrued employee benefits payable (Note 6)	61,038	-	-	-	-	-	-
Deferred income (Note 5)	68,807	-	-	-	-	-	-
Total current liabilities	\$ 893,897	-	9,254	31,202	-	46,104	-
Long-Term Liabilities							
Accrued employee benefits payable (Note 6)	\$ 188,090	-	-	-	-	-	-
Deferred compensation (Note 10)	264,228	-	-	-	-	-	-
Total long-term liabilities	\$ 452,318	-	-	-	-	-	-
Total Liabilities	\$ 1,346,215	-	9,254	31,202	-	46,104	-
Fund Balance (Note 8)							
Reserved for future expenses	\$ -	-	-	-	-	-	5,125
Reserved for future building expenses	57,788	-	-	-	-	-	-
Reserved for gymnastics equipment	25,000	-	-	-	-	-	-
Reserved for retirement benefits	154,327	-	-	-	-	-	-
Unreserved net equity in fixed assets	1,588,496	-	-	-	-	-	8,200
Unreserved	997,249	18,531	46,837	52,234	6,895	59,656	62,446
Total Fund Balance	\$ 2,822,860	18,531	46,837	52,234	6,895	59,656	75,771
Total Liabilities and Fund Balance	\$ 4,169,075	18,531	56,091	83,436	6,895	105,760	75,771

The notes to the financial statements are an integral part of this statement

EXHIBIT 1

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA		
75,244	62,172	42,640	86,513	52,372	91,745	97,669	50,452	35,338	30,792	\$ 857,346	\$ 1,378,027
-	-	-	-	-	-	-	-	-	-	91,900	1,381,336
448	2,229	-	-	-	1,129	-	-	2,628	-	20,286	157,263
-	-	-	-	-	-	-	-	-	-	-	13,926
-	-	-	-	-	-	-	-	-	-	-	12,914
<u>75,692</u>	<u>64,401</u>	<u>42,640</u>	<u>86,513</u>	<u>52,372</u>	<u>92,874</u>	<u>97,669</u>	<u>50,452</u>	<u>37,966</u>	<u>30,792</u>	<u>\$ 969,532</u>	<u>\$ 2,943,466</u>
-	-	-	-	-	-	500	584	-	-	\$ 13,199	\$ 2,306,240
-	-	-	-	-	-	(400)	(468)	-	-	(4,660)	(709,205)
-	-	-	-	-	-	100	116	-	-	\$ 8,539	\$ 1,597,035
-	-	-	-	-	-	-	-	-	-	-	342,417
-	-	-	-	-	-	-	-	-	-	-	264,228
-	-	-	-	-	-	100	116	-	-	\$ 8,539	\$ 2,203,680
<u>75,692</u>	<u>64,401</u>	<u>42,640</u>	<u>86,513</u>	<u>52,372</u>	<u>92,874</u>	<u>97,769</u>	<u>50,568</u>	<u>37,966</u>	<u>30,792</u>	<u>\$ 978,071</u>	<u>\$ 5,147,146</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 33,515
10,604	2,311	-	-	-	1,129	362	-	448	-	19,565	109,829
25,800	-	5,842	51,465	12,064	46,500	50,973	6,436	-	-	280,929	921,202
-	-	-	-	-	-	-	-	-	-	-	61,038
-	-	-	-	-	-	-	-	-	-	-	68,807
<u>36,404</u>	<u>2,311</u>	<u>5,842</u>	<u>51,465</u>	<u>12,064</u>	<u>47,629</u>	<u>51,335</u>	<u>6,436</u>	<u>448</u>	<u>-</u>	<u>\$ 300,494</u>	<u>\$ 1,194,391</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 188,090
-	-	-	-	-	-	-	-	-	-	-	264,228
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 452,318
<u>36,404</u>	<u>2,311</u>	<u>5,842</u>	<u>51,465</u>	<u>12,064</u>	<u>47,629</u>	<u>51,335</u>	<u>6,436</u>	<u>448</u>	<u>-</u>	<u>\$ 300,494</u>	<u>\$ 1,646,709</u>
2,166	7,983	-	-	-	-	11,466	-	-	-	\$ 26,740	\$ 26,740
-	-	-	-	-	-	-	-	-	-	-	57,788
-	-	-	-	-	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	-	-	-	-	154,327
-	-	-	-	-	-	-	-	-	-	8,200	1,596,696
<u>37,122</u>	<u>54,107</u>	<u>36,798</u>	<u>35,048</u>	<u>40,308</u>	<u>45,245</u>	<u>34,968</u>	<u>44,132</u>	<u>37,518</u>	<u>30,792</u>	<u>642,637</u>	<u>1,639,886</u>
<u>39,288</u>	<u>62,090</u>	<u>36,798</u>	<u>35,048</u>	<u>40,308</u>	<u>45,245</u>	<u>46,434</u>	<u>44,132</u>	<u>37,518</u>	<u>30,792</u>	<u>\$ 677,577</u>	<u>\$ 3,500,437</u>
<u>75,692</u>	<u>64,401</u>	<u>42,640</u>	<u>86,513</u>	<u>52,372</u>	<u>92,874</u>	<u>97,769</u>	<u>50,568</u>	<u>37,966</u>	<u>30,792</u>	<u>\$ 978,071</u>	<u>\$ 5,147,146</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE AND ADMINISTRATIVE REGIONS
BROOKLYN CENTER, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JULY 31, 2000

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Revenues							
Tournaments	\$ 3,896,249	325,348	260,703	300,382	158,117	337,666	287,639
Membership services	367,469	-	-	-	-	-	-
Assessments from schools	-	-	-	-	12,250	-	-
Contest officials registration	153,374	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	187,144	-	-	-	-	-	-
Corporate partnership	349,625	-	-	-	-	-	-
Interest	78,682	501	1,465	3,013	336	3,225	2,313
Other	244,909	-	-	-	2	403	8,100
Total Revenues	\$ 5,277,452	325,849	262,168	303,395	170,705	341,294	298,052
Expenses							
Tournaments	\$ 1,791,720	296,080	202,882	220,672	152,100	221,968	234,368
School expense reimbursement	640,771	-	23,202	31,202	-	41,393	21,729
Membership services							
Insurance	240,982	300	300	300	300	300	300
Handbooks, rule books, and supplies	160,409	-	-	-	-	-	-
Other	41,996	-	-	-	-	-	-
Fine arts programs	15,428	-	-	-	-	-	-
Officials Association	107,045	-	-	-	-	-	-
Committees	23,685	3,345	3,603	9,427	1,702	6,069	5,958
Board of directors	79,899	-	-	-	-	-	-
Salaries	976,703	-	-	-	-	-	-
Employee benefits	434,709	-	-	-	-	-	-
Insurance	6,740	-	-	-	-	-	-
Legal	29,797	-	-	-	-	-	-
Other professional services	65,874	33,670	18,342	28,904	33,784	31,552	29,400
Maintenance	99,676	-	-	-	-	-	-
Utilities	38,916	-	-	-	-	-	-
Postage	61,196	-	-	-	-	-	-
Supplies	26,642	4,278	3,598	1,869	1,901	5,891	11,606
Data processing and office equipment	178,655	-	-	-	-	-	-
Public relations	47,586	2,873	4,721	-	-	6,122	-
Corporate sponsor commission	54,649	-	-	-	-	-	-
Depreciation	73,661	-	123	-	-	-	2,300
Other	133,305	-	-	-	1,448	151	7,985
Total Expenses	\$ 5,330,044	340,546	256,771	292,374	191,235	313,446	313,646
Excess of Revenues Over (Under) Expenses	\$ (52,592)	(14,697)	5,397	11,021	(20,530)	27,848	(15,594)
Operating Transfers In	-	15,973	31,385	21,864	20,346	39,577	27,219
Operating Transfers Out	-	(7,515)	(29,793)	(18,821)	(16,012)	(67,304)	(34,561)
Excess of Revenues and Operating Transfers in Over (Under) Expenses and Operating Transfers Out	(52,592)	(6,239)	6,989	14,064	(16,196)	121	(22,936)
Fund Balance - August 1	2,875,452	24,770	39,848	38,170	23,091	59,535	98,707
Fund Balance - July 31	\$ 2,822,860	18,531	46,837	52,234	6,895	59,656	75,771

The notes to the financial statements are an integral part of this statement

EXHIBIT 2

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA		
241,364	267,457	237,387	222,975	204,773	306,203	189,755	196,659	181,906	250,817	\$ 3,969,151	\$ 7,865,400
-	-	-	-	-	-	-	-	-	-	-	367,469
-	-	-	-	-	-	-	-	-	-	12,250	12,250
-	-	-	-	-	-	-	-	-	-	-	153,374
-	-	-	-	-	-	-	-	-	-	-	187,144
-	-	-	-	-	-	-	-	-	-	-	349,625
2,434	644	1,302	2,990	596	1,265	3,164	1,535	1,438	492	26,713	105,395
867	723	155	-	2,733	961	678	20	10	-	14,652	259,561
<u>244,665</u>	<u>268,824</u>	<u>238,844</u>	<u>225,965</u>	<u>208,102</u>	<u>308,429</u>	<u>193,597</u>	<u>198,214</u>	<u>183,354</u>	<u>251,309</u>	<u>\$ 4,022,766</u>	<u>\$ 9,300,218</u>
205,574	224,718	162,255	147,993	172,324	199,278	155,363	189,577	164,661	188,114	\$ 3,137,927	\$ 4,929,647
25,800	-	70,704	51,400	12,064	46,500	50,973	6,436	13,275	27,545	422,223	1,062,994
300	300	300	300	300	300	300	9,050	300	300	13,550	254,532
-	-	-	-	-	-	-	-	-	-	-	160,409
-	-	-	-	-	-	-	-	-	-	-	41,996
-	-	-	-	-	-	-	-	-	-	-	15,428
-	-	-	-	-	-	-	-	-	-	-	107,045
8,709	7,020	2,446	3,837	2,502	1,700	903	1,862	5,754	4,767	69,604	93,289
-	-	-	-	-	-	-	-	-	-	-	79,899
-	-	-	-	-	-	-	-	-	-	-	976,703
-	-	-	-	-	-	-	-	-	-	-	434,709
-	-	-	-	-	-	-	-	-	-	-	6,740
-	-	-	-	-	-	-	-	-	-	-	29,797
17,761	29,338	14,900	13,977	14,181	14,143	13,797	16,373	15,822	13,524	339,468	405,342
-	-	-	-	-	-	-	-	-	-	-	99,676
-	-	-	-	-	-	-	-	-	-	-	38,916
-	-	-	-	-	-	-	-	-	-	-	61,196
1,554	902	1,881	2,558	4,152	3,286	3,841	1,775	2,264	2,975	54,331	80,973
-	-	-	-	-	-	-	-	-	-	-	178,655
2,494	4,435	2,196	6,638	6,048	-	-	1,259	1,745	10,143	48,674	96,260
-	-	-	-	-	-	-	-	-	-	-	54,649
-	-	-	-	-	902	100	117	-	-	3,542	77,203
-	4,234	14	-	1,993	102	1,483	63	747	-	18,220	151,525
<u>262,192</u>	<u>270,947</u>	<u>254,696</u>	<u>226,703</u>	<u>213,564</u>	<u>266,211</u>	<u>226,760</u>	<u>226,512</u>	<u>204,568</u>	<u>247,368</u>	<u>\$ 4,107,539</u>	<u>\$ 9,437,583</u>
(17,527)	(2,123)	(15,852)	(738)	(5,462)	42,218	(33,163)	(28,298)	(21,214)	3,941	\$ (84,773)	\$ (137,365)
17,988	20,353	22,043	40,176	24,996	20,056	55,114	44,299	35,080	16,985	453,454	453,454
(13,414)	(21,941)	(13,995)	(35,023)	(22,775)	(61,193)	(35,860)	(27,538)	(22,558)	(25,151)	(453,454)	(453,454)
(12,953)	(3,711)	(7,804)	4,415	(3,241)	1,081	(13,909)	(11,537)	(8,692)	(4,225)	(84,773)	(137,365)
52,241	65,801	44,602	30,633	43,549	44,164	60,343	55,669	46,210	35,017	762,350	3,637,802
<u>39,288</u>	<u>62,090</u>	<u>36,798</u>	<u>35,048</u>	<u>40,308</u>	<u>45,245</u>	<u>46,434</u>	<u>44,132</u>	<u>37,518</u>	<u>30,792</u>	<u>\$ 677,577</u>	<u>\$ 3,500,437</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE AND ADMINISTRATIVE REGIONS
BROOKLYN CENTER, MINNESOTA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2000

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Increase (Decrease) in Cash and Cash Equivalents							
Operating activities							
Excess of revenues over (under) expenses	\$ (52,592)	(14,697)	5,397	11,021	(20,530)	27,848	(15,594)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by (used in) operating activities							
Depreciation	\$ 73,661	-	123	-	-	-	2,300
Interest on investments	(78,682)	(501)	(1,465)	(3,013)	(336)	(3,225)	(2,313)
Gain on sale of equipment	(325)	-	-	-	-	-	-
(Increase) Decrease in other current assets	(40,901)	-	-	-	(632)	(9,957)	(3,263)
Increase (Decrease) in current liabilities	(163,448)	-	(1,691)	31,202	-	4,776	-
Increase (Decrease) in long-term accrued employee benefits payable	100,233	-	-	-	-	-	-
Total adjustments	\$ (109,462)	(501)	(3,033)	28,189	(968)	(8,406)	(3,276)
Net cash provided by (used in) operating activities	\$ (162,054)	(15,198)	2,364	39,210	(21,498)	19,442	(18,870)
Investing activities							
Net proceeds (purchases) of investment securities	\$ 430,643	-	5,000	-	-	(1,786)	-
Interest on investments	82,652	501	1,465	3,013	336	3,225	2,313
Net cash provided by (used in) investing activities	\$ 513,295	501	6,465	3,013	336	1,439	2,313
Non-Capital and Related Financing Activities							
Operating Transfer in	\$ -	15,973	31,385	21,864	20,346	39,577	27,219
Operating Transfers Out	-	(7,515)	(29,793)	(18,821)	(16,012)	(67,304)	(34,561)
Net cash provided by (used in) non-capital and related financing activities	\$ -	8,458	1,592	3,043	4,334	(27,727)	(7,342)
Capital and related financing activities							
Proceeds from sale of equipment	\$ 9,449	-	-	-	-	-	-
Capital expenditures	(122,794)	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	\$ (113,345)	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 237,896	(6,239)	10,421	45,266	(16,828)	(6,846)	(23,899)
Cash and Cash Equivalents - August 1	282,785	24,770	10,547	38,170	23,091	65,749	68,207
Cash and Cash Equivalents - July 31	\$ 520,681	18,531	20,968	83,436	6,263	58,903	44,308

Supplemental Disclosure of Cash Flow Information

For the MSHSL Office, a non cash receivable transaction occurred during the year related to the sale of fixed assets for \$4,473.

The notes to the financial statements are an integral part of this statement

EXHIBIT 3

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA		
(17,527)	(2,123)	(15,852)	(738)	(5,462)	42,218	(33,163)	(28,298)	(21,214)	3,941	\$ (84,773)	\$ (137,365)
-	-	-	-	-	902	100	117	-	-	\$ 3,542	\$ 77,203
(2,434)	(644)	(1,302)	(2,990)	(596)	(1,265)	(3,164)	(1,535)	(1,438)	(492)	(26,713)	(105,395)
-	-	-	-	-	-	-	-	-	-	-	(325)
-	(204)	-	-	-	(1,129)	-	-	-	-	(15,185)	(56,086)
30,755	2,311	5,842	(3,872)	(8,736)	14,300	50,973	(12,814)	-	-	113,046	(50,402)
-	-	-	-	-	-	-	-	-	-	-	100,233
28,321	1,463	4,540	(6,862)	(9,332)	12,808	47,909	(14,232)	(1,438)	(492)	\$ 74,690	\$ (34,772)
10,794	(660)	(11,312)	(7,600)	(14,794)	55,026	14,746	(42,530)	(22,652)	3,449	\$ (10,083)	\$ (172,137)
-	-	-	-	-	-	-	-	-	-	\$ 3,214	\$ 433,857
2,434	644	1,302	2,990	596	1,265	3,164	1,535	1,438	492	26,713	109,365
2,434	644	1,302	2,990	596	1,265	3,164	1,535	1,438	492	\$ 29,927	\$ 543,222
17,540	18,328	22,043	40,176	33,980	20,056	55,114	44,299	32,452	16,985	457,337	\$ 457,337
(7,765)	(21,941)	(13,995)	(35,023)	(22,775)	(60,064)	(35,498)	(27,538)	(22,110)	(25,151)	(445,866)	(445,866)
9,775	(3,613)	8,048	5,153	11,205	(40,008)	19,616	16,761	10,342	(8,166)	\$ 11,471	\$ 11,471
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 9,449
-	-	-	-	-	-	-	-	-	-	-	(122,794)
-	-	-	-	-	-	-	-	-	-	\$ -	\$ (113,345)
23,003	(3,629)	(1,962)	543	(2,993)	16,283	37,526	(24,234)	(10,872)	(4,225)	\$ 31,315	\$ 269,211
52,241	65,801	44,602	85,970	55,365	75,462	60,143	74,686	46,210	35,017	826,031	1,108,816
75,244	62,172	42,640	86,513	52,372	91,745	97,669	50,452	35,338	30,792	\$ 857,346	\$ 1,378,027

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2000

1. Summary of Significant Accounting Policies

Nature of Operations - The Minnesota State High School League (MSHSL) is a nonprofit corporation whose Articles of Incorporation and Constitution were filed with the Secretary of State on May 27, 1960. The MSHSL is a voluntary association of high schools whose governing boards have delegated their control of extracurricular activities to the MSHSL. These activities include statewide athletic programs for both able-bodied athletes and athletes with disabilities, music, drama, speech, and debate.

Reporting Entity - The Board of Directors is responsible for the management of the affairs of the MSHSL. The League's Constitution directs the Board of Directors to divide the state into regions and to have control of all region and section contests. Each Administrative Region Committee is charged with the immediate management of the activities assigned by the Board. The Administrative Region Committees must adhere to the League's Constitution, Articles of Incorporation, and policies developed by the Board of Directors. They do not have the authority to determine or interpret eligibility bylaws nor may they penalize a school for bylaw infractions. Because the Administrative Regions are not legally separate entities, the July 31, 2000, financial statements of the MSHSL include the financial information of all 16 Administrative Regions.

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

Cash and Cash Equivalents - For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased, excluding investments held for retirement benefits, are considered to be cash equivalents.

Investments - Investments are stated at fair value. Certain investments have been designated by the Board of Directors for the payment of retirement benefits.

Property and Equipment - Property and equipment are stated at cost. Replacements or improvements are capitalized. The capitalization threshold is \$250. Maintenance and repairs which do not improve or extend the lives of the assets are expensed as incurred. Depreciation is recorded using the straight-line method over the assets' estimated useful lives:

Land improvements	40 years
Buildings and building improvements	40 years
Furniture and equipment	5-10 years
Computer equipment	3 years

School Expense Reimbursement - A liability is set up to report the proportionate return of excess nonappropriated funds to member schools based on their participation in MSHSL-sponsored tournaments.

Sick Pay Policy - The MSHSL employees are entitled to 15 days of paid sick leave per year. Employees are not compensated for unused sick leave upon termination of employment; however, unused sick leave enters into the calculation of deferred compensation for qualified employees.

Tax-Exempt Status - The MSHSL is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state statutes.

2. Deposits and Investments

A. Deposits

As of July 31, 2000, the carrying value of the bank accounts for the MSHSL and Administrative Regions was \$1,448,982. Bank balances were \$1,687,948 of which \$1,516,270 was covered by federal depository insurance and \$171,678 was uncollateralized.

B. Investments

The MSHSL's investments are authorized by state law and its own internal policies. Generally accepted accounting principles have determined three levels of custodial credit risk for investments:

- (1) Insured or registered, or securities held by the MSHSL or its agent in the MSHSL's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the MSHSL's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the MSHSL's name.

The MSHSL's investment in negotiable certificates of deposit is categorized in level 3 of custodial credit risk for investments. Fair value is the same as the carrying amount for the negotiable certificate of deposit.

The MSHSL's investment in mutual funds is not required to be classified by custodial credit risk. Fair value is the same as the carrying amount for the mutual fund.

	<u>2000</u>
Investment in mutual fund	\$ 469,261
Investment in certificate of deposit	1,183,333
Carrying value of deposits	1,448,982
Petty cash	204
Deferred compensation	<u>264,228</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 3,366,008</u>
Cash and cash equivalents (from Exhibit 1)	\$ 1,378,027
Investments (from Exhibit 1)	1,381,336
Investments held for retirement benefits (from Exhibit 1)	342,417
Deferred compensation (from Exhibit 1)	<u>264,228</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 3,366,008</u>

3. Property and Equipment

Property and equipment comprise the following at July 31, 2000:

Land and land improvements	\$ 318,564
Building and building improvements	1,508,659
Furniture and equipment	340,785
Computer equipment	138,232
	<hr/>
Total	\$ 2,306,240
Less: accumulated depreciation	(709,205)
Net Property and Equipment	<u>\$ 1,597,035</u>

4. Operating Lease

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$20,643 for the year ended July 31, 2000. Future minimum lease payments at July 31, 2000, are as follows:

2001	\$ 20,919
2002	18,459
2003	7,843
	<hr/>
Total	<u>\$ 47,221</u>

5. Deferred Income

Deferred income consists of amounts received for television fees and official handbooks, yearbooks, and rules books which are not yet ready for distribution. This income is recognized in subsequent years.

6. Accrued Employee Benefits Payable

Accrued employee benefits payable at July 31, 2000:

Current Liabilities	
Vacation leave	\$ 59,390
Compensatory time	1,648
	<hr/>
Total Current Liabilities	<u>\$ 61,038</u>
Long-Term Liabilities	
Retirement benefits	<u>\$ 188,090</u>

7. Retirement Benefits Payable

The MSHSL has a retirement plan that provides certain deferred compensation and post-retirement health care and life insurance benefits for eligible employees.

Following 15 years of service to the MSHSL and after the employee reaches age 55, the employee may receive a payment for unused sick leave at the time of separation from the MSHSL. Said payment shall be calculated by multiplying the number of unused sick leave days times the daily rate of pay at separation. The maximum deferred compensation payment shall not exceed one year's salary.

Following retirement, if the employee has reached the age of 60 and has been employed by the MSHSL for 20 years, payment of medical, hospitalization, dental, term life, and long-term disability insurance premiums will be made by the MSHSL as if the individual were still on staff until the conclusion of the fiscal year the employee reaches age 65, subject to the approval of the insurance carriers.

Retirement benefits payable at July 31, 2000 is \$188,090. Costs associated with employees who have earned benefits but whose benefits have not vested because they have not yet met the requirements of the plan have not been accrued because the ultimate cost to the MSHSL cannot be reasonably estimated. The MSHSL has designated certain investments to be used for payment of future retirement benefits. These amounts exceeded the accrued liability by \$154,327 for the year ended July 31, 2000.

Post-retirement health care and life insurance benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. The MSHSL recognizes the cost of providing those benefits in the year paid. The MSHSL's cost was \$7,494 for year ended July 31, 2000.

8. Fund Balance

The reserved for future expenses represents that portion of fund balance to be used to cover future expenses.

The reserved for future building expenses represents that portion of fund balance to be used to cover the cost of future building repairs.

The reserved for gymnastics equipment represents that portion of fund balance to be used to purchase gymnastics equipment.

The reserved for retirement benefits represents the excess of assets set aside for payment of future retirement benefits over the retirement benefits payable at July 31.

The net equity in fixed assets portion of fund balance represents the net property and equipment.

9. MSHSL 403(b) Plan

The MSHSL participates with eligible employees, who so elect, in a 403(b) plan. Employees must contribute at least six percent of their gross wages to receive the MSHSL's contribution.

The MSHSL contributed eleven percent of the participating employees' wages. The only obligation of the MSHSL is to make contributions for the term of the participating employees' employment. In accordance with the plan terms, each employee's share of the MSHSL's contribution is fully vested with the employee. The MSHSL's contributions were \$105,306 for the year ended July 31, 2000.

10. Deferred Compensation

The MSHSL established, in the year ending July 31, 1992, a deferred compensation plan under Section 457 of the Internal Revenue Code for the executive staff. Under the provisions of the plan, the MSHSL contributes four percent for each of the executive staff's salary to the plan. The MSHSL established, in the year ending July 31, 1993, a whole life insurance policy, under Section 457(f) of the Internal Revenue Code, for the Executive Director. Under the provisions of the plan, the MSHSL contributes three percent of the Executive Director's annual salary for the insurance premium.

The assets in the plan are held by the MSHSL, subject to the claims of its general creditors, until the employee becomes eligible for withdrawals as provided in the plan agreement. The assets (held in investment options in accordance with the employee's selection) and the related liability are shown on the MSHSL's balance sheet at July 31, 2000.

11. Risk Management

The MSHSL is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; natural disasters; and catastrophic injury. To cover its liabilities, the MSHSL purchases commercial insurance. There were no significant reductions in insurance coverage from coverage in the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

SUPPLEMENTAL INFORMATION

MINNESOTA STATE HIGH SCHOOL LEAGUE AND ADMINISTRATIVE REGIONS
BROOKLYN CENTER, MINNESOTA

Schedule 1

SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
FOR THE YEAR ENDED JULY 31, 2000

	MSHSL OFFICE			ADMINISTRATIVE REGIONS			COMBINED TOTAL		
	Revenues	Direct Expenses	Excess (Deficiency) of Revenues Over Direct Expenses	Revenues	Direct Expenses	Excess (Deficiency) of Revenues Over Direct Expenses	Revenues	Direct Expenses	Excess (Deficiency) of Revenues Over Direct Expenses
Tournament									
Baseball	\$ 63,505	\$ 58,863	\$ 4,642	\$ 193,959	\$ 203,425	\$ (9,466)	\$ 257,464	\$ 262,288	\$ (4,824)
Boys basketball	519,648	180,607	339,041	776,317	301,772	474,545	1,295,965	482,379	813,586
Girls basketball	314,592	149,906	164,686	440,033	266,930	173,103	754,625	416,836	337,789
Cross country	9,393	20,836	(11,443)	3,236	26,613	(23,377)	12,629	47,449	(34,820)
Football	816,629	240,497	576,132	948,974	413,381	535,593	1,765,603	653,878	1,111,725
Golf	5,048	30,837	(25,789)	2,468	56,434	(53,966)	7,516	87,271	(79,755)
Girls gymnastics	35,449	45,652	(10,203)	17,850	40,785	(22,935)	53,299	86,437	(33,138)
Boys hockey	1,141,653	248,989	892,664	417,649	160,432	257,217	1,559,302	409,421	1,149,881
Nordic ski racing	2,290	8,701	(6,411)	-	17,878	(17,878)	2,290	26,579	(24,289)
Alpine skiing	1,473	8,628	(7,155)	-	19,040	(19,040)	1,473	27,668	(26,195)
Soccer	110,788	66,697	44,091	124,630	102,785	21,845	235,418	169,482	65,936
Girls softball	44,937	40,238	4,699	87,997	121,891	(33,894)	132,934	162,129	(29,195)
Boys swimming	38,936	33,290	5,646	29,920	35,491	(5,571)	68,856	68,781	75
Girls swimming	42,638	36,975	5,663	42,577	48,613	(6,036)	85,215	85,588	(373)
Boys tennis	3,601	17,086	(13,485)	980	18,170	(17,190)	4,581	35,256	(30,675)
Girls tennis	3,642	23,450	(19,808)	1,224	39,464	(38,240)	4,866	62,914	(58,048)
Track	77,584	68,367	9,217	101,249	186,066	(84,817)	178,833	254,433	(75,600)
Girls volleyball	116,475	98,898	17,577	265,778	199,328	66,450	382,253	298,226	84,027
Wrestling	306,029	186,689	119,340	236,258	198,608	37,650	542,287	385,297	156,990
Synchronized swimming	-	475	(475)	-	-	-	-	475	(475)
Adapted soccer	5,083	12,037	(6,954)	-	-	-	5,083	12,037	(6,954)
Adapted floor hockey	5,741	11,790	(6,049)	-	-	-	5,741	11,790	(6,049)
Adapted softball	3,380	12,260	(8,880)	-	-	-	3,380	12,260	(8,880)
Adapted Bowling	168	1,982	(1,814)	-	-	-	168	1,982	(1,814)
Debate	518	13,299	(12,781)	910	20,465	(19,555)	1,428	33,764	(32,336)
Speech	3,658	29,367	(25,709)	40,967	199,373	(158,406)	44,625	228,740	(184,115)
One-act play	11,058	10,082	976	12,425	55,845	(43,420)	23,483	65,927	(42,444)
Girls hockey	149,258	54,606	94,652	61,552	72,775	(11,223)	210,810	127,381	83,429
Music	-	-	-	141,265	305,615	(164,350)	141,265	305,615	(164,350)
Cheerleading	-	6,356	(6,356)	-	-	-	-	6,356	(6,356)
Girls dance team	63,075	74,260	(11,185)	20,933	26,748	(5,815)	84,008	101,008	(17,000)
Total	\$ 3,896,249	\$ 1,791,720	\$ 2,104,529	\$ 3,969,151	\$ 3,137,927	\$ 831,224	\$ 7,865,400	\$ 4,929,647	\$ 2,935,753

MINNESOTA STATE HIGH SCHOOL LEAGUE AND ADMINISTRATIVE REGIONS
BROOKLYN CENTER, MINNESOTA

SCHEDULE OF REVENUES AND EXPENSES - STATUTORY BASIS
FOR THE YEARS ENDED JULY 31, 1997, 1998, 1999 and 2000

	MSHSL OFFICE							
	1997	1998	1999	2000	1997 to 2000		1997	1998
					Dollar Difference	Percent Change		
Revenues								
Tournaments	\$ 3,314,304	\$ 3,492,989	\$ 3,838,010	\$ 3,896,249	\$ 581,945	17.6 %	\$ 3,449,420	\$ 3,860,966
Membership services	336,610	352,200	359,840	367,469	30,859	9.2	-	-
Assessments from schools	-	-	-	-	-	-	19,849	12,950
Contest officials registration	138,975	148,487	148,474	153,374	14,399	10.4	-	-
Sales of handbooks, rule books, and supplies	169,294	172,411	187,661	187,144	17,850	10.5	-	-
Corporate partnership	315,252	331,500	352,683	349,625	34,373	10.9	-	-
Interest	97,014	93,257	84,927	78,682	(18,332)	(18.9)	20,201	24,035
Other	106,145	102,670	93,755	244,909	138,764	130.7	11,931	12,804
Total Revenues - Exhibit 2	\$ 4,477,594	\$ 4,693,514	\$ 5,065,350	\$ 5,277,452	\$ 799,858	17.9 %	\$ 3,501,401	\$ 3,910,755
Expenses								
Tournaments	\$ 1,428,785	\$ 1,498,110	\$ 1,596,893	\$ 1,791,720	\$ 362,935	25.4 %	\$ 2,903,692	\$ 3,134,798
School expense reimbursement	799,497	792,084	909,908	640,771	(158,726)	(19.9)	205,266	262,647
Membership services								
Insurance	193,310	199,408	223,572	240,982	47,672	24.7	3,200	2,890
Handbooks, rule books, and supplies	170,877	212,106	176,572	160,409	(10,468)	(6.1)	-	-
Other	68,781	62,585	83,853	41,996	(26,785)	(38.9)	-	-
Fine arts programs	18,297	19,548	15,070	15,428	(2,869)	(15.7)	-	-
Officials association	87,857	82,831	109,052	107,045	19,188	21.8	-	-
Committees	24,250	13,479	20,560	23,685	(565)	(2.3)	65,428	68,696
Board of directors	71,658	56,055	62,550	79,899	8,241	11.5	-	-
Salaries	816,953	844,901	919,733	976,703	159,750	19.6	-	-
Employee benefits	233,967	253,481	293,788	434,709	200,742	85.8	-	-
Insurance	7,420	7,466	7,214	6,740	(680)	(9.2)	-	-
Legal	23,164	27,154	30,496	29,797	6,633	28.6	-	-
Other professional services	50,237	75,155	69,506	65,874	15,637	31.1	272,603	294,986
Maintenance	72,611	45,495	47,947	99,676	27,065	37.3	-	-
Utilities	45,222	42,056	37,596	38,916	(6,306)	(13.9)	-	-
Postage	73,065	75,017	70,612	61,196	(11,869)	(16.2)	-	-
Supplies	33,511	26,257	29,697	26,642	(6,869)	(20.5)	54,304	51,572
Data processing and office equipment	104,259	61,251	220,050	178,655	74,396	71.4	-	-
Public relations	28,542	43,566	42,389	47,586	19,044	66.7	50,109	46,179
Corporate sponsor commission	47,334	50,918	52,421	54,649	7,315	15.5	-	-
Depreciation	79,375	81,325	88,103	73,661	(5,714)	(7.2)	2,241	791
Other	102,406	144,300	138,358	133,305	30,899	30.2	8,927	9,249
Total Expenses - Exhibit 2	\$ 4,581,378	\$ 4,714,548	\$ 5,245,940	\$ 5,330,044	\$ 748,666	16.3 %	\$ 3,565,770	\$ 3,871,808
Add								
Operating Transfers In	-	-	-	-	-	-	-	-
Deduct								
Operating Transfers Out	-	-	-	-	-	-	-	-
Deduct								
Depreciation	79,375	81,325	88,103	73,661	(5,714)	(7.2)	2,241	791
Subtotal	\$ 4,502,003	\$ 4,633,223	\$ 5,157,837	\$ 5,256,383	\$ 754,380	16.8 %	\$ 3,563,529	\$ 3,871,017
Add								
Capital outlay								
Computer equipment	85,360	1,760	24,137	16,464	(68,896)	(80.7)	-	-
Furniture and equipment	15,321	43,310	67,301	106,330	91,009	594.0	-	5,000
Total Expenses	\$ 4,602,684	\$ 4,678,293	\$ 5,249,275	\$ 5,379,177	\$ 776,493	16.9 %	\$ 3,563,529	\$ 3,876,017

Schedule 2

ADMINISTRATIVE REGIONS				COMBINED TOTALS					
1999	2000	1997 to 2000		1997	1998	1999	2000	1997 to 2000	
		Dollar Difference	Percent Change					Dollar Difference	Percent Change
\$ 4,181,254	\$ 3,969,151	\$ 519,731	15.1 %	\$ 6,763,724	\$ 7,353,955	\$ 8,019,264	\$ 7,865,400	\$ 1,101,676	16.3 %
-	-	-		336,610	352,200	359,840	367,469	30,859	9.2
13,650	12,250	(7,599)	(38.3)	19,849	12,950	13,650	12,250	(7,599)	(38.3)
-	-	-		138,975	148,487	148,474	153,374	14,399	10.4
-	-	-		169,294	172,411	187,661	187,144	17,850	10.5
-	-	-		315,252	331,500	352,683	349,625	34,373	10.9
22,519	26,713	6,512	32.2	117,215	117,292	107,446	105,395	(11,820)	(10.1)
16,644	14,652	2,721	22.8	118,076	115,474	110,399	259,561	141,485	119.8
<u>\$ 4,234,067</u>	<u>\$ 4,022,766</u>	<u>\$ 521,365</u>	14.9 %	<u>\$ 7,978,995</u>	<u>\$ 8,604,269</u>	<u>\$ 9,299,417</u>	<u>\$ 9,300,218</u>	<u>\$ 1,321,223</u>	16.6 %
\$ 3,328,201	\$ 3,137,927	\$ 234,235	8.1 %	\$ 4,332,477	\$ 4,632,908	\$ 4,925,094	\$ 4,929,647	\$ 597,170	13.8 %
349,707	422,223	216,957	105.7	1,004,763	1,054,731	1,259,615	1,062,994	58,231	5.8
4,875	13,550	10,350	323.4	196,510	202,298	228,447	254,532	58,022	29.5
-	-	-		170,877	212,106	176,572	160,409	(10,468)	(6.1)
-	-	-		68,781	62,585	83,853	41,996	(26,785)	(38.9)
-	-	-		18,297	19,548	15,070	15,428	(2,869)	(15.7)
-	-	-		87,857	82,831	109,052	107,045	19,188	21.8
71,375	69,604	4,176	6.4	89,678	82,175	91,935	93,289	3,611	4.0
-	-	-		71,658	56,055	62,550	79,899	8,241	11.5
-	-	-		816,953	844,901	919,733	976,703	159,750	19.6
-	-	-		233,967	253,481	293,788	434,709	200,742	85.8
-	-	-		7,420	7,466	7,214	6,740	(680)	(9.2)
-	-	-		23,164	27,154	30,496	29,797	6,633	28.6
326,646	339,468	66,865	24.5	322,840	370,141	396,152	405,342	82,502	25.6
-	-	-		72,611	45,495	47,947	99,676	27,065	37.3
-	-	-		45,222	42,056	37,596	38,916	(6,306)	(13.9)
-	-	-		73,065	75,017	70,612	61,196	(11,869)	(16.2)
53,435	54,331	27	0.0	87,815	77,829	83,132	80,973	(6,842)	(7.8)
-	-	-		104,259	61,251	220,050	178,655	74,396	71.4
49,429	48,674	(1,435)	(2.9)	78,651	89,745	91,818	96,260	17,609	22.4
-	-	-		47,334	50,918	52,421	54,649	7,315	15.5
1,791	3,542	1,301	58.1	81,616	82,116	89,894	77,203	(4,413)	(5.4)
9,484	18,220	9,293	104.1	111,333	153,549	147,842	151,525	40,192	36.1
\$ 4,194,943	\$ 4,107,539	\$ 541,769	15.2 %	\$ 8,147,148	\$ 8,586,356	\$ 9,440,883	\$ 9,437,583	\$ 1,290,435	15.8 %
-	453,454	-		-	-	-	453,454	453,454	
-	453,454	-		-	-	-	453,454	453,454	
1,791	3,542	1,301	58.1	81,616	82,116	89,894	77,203	(4,413)	(5.4)
\$ 4,193,152	\$ 4,103,997	\$ 540,468	15.2 %	\$ 8,065,532	\$ 8,504,240	\$ 9,350,989	\$ 9,360,380	\$ 1,294,848	16.1 %
-	-	-		85,360	1,760	24,137	16,464	(68,896)	(80.7)
6,500	-	-		15,321	48,310	73,801	106,330	91,009	594.0
<u>\$ 4,199,652</u>	<u>\$ 4,103,997</u>	<u>\$ 540,468</u>	15.2 %	<u>\$ 8,166,213</u>	<u>\$ 8,554,310</u>	<u>\$ 9,448,927</u>	<u>\$ 9,483,174</u>	<u>\$ 1,316,961</u>	16.1 %

